



## **Staff Report**

### **REPORT ON ECONOMIC DEVELOPMENT ENHANCEMENT – TARGET SITE STRATEGY – PHASE 2 (TECHNICAL ASSESSMENT).**

Honorable Chair and Board Members:

#### **Summary**

This memorandum report is a summary of the recent work completed by Keyser Marston Associates (KMA), Inc. and Field Paoli (FP) for Phase 2, Technical Assessment of the City of Belmont's Economic Development Enhancement – Target Site Strategy.

The purpose of the report is to provide the technical basis needed for the Belmont Redevelopment Agency to advance to the next phase (Phase 3) of the Economic Development Enhancement – Targeted Site Strategy process, Vision Clarification and RFQ Preparation. The Phase 2 Technical Assessment evaluated the following: 1) the physical feasibility of alternative concepts developed for the priority target sites, 2) the financial feasibility of proposed projects, and 3) a preliminary estimate of fiscal benefits which may be generated by the proposed development concepts.

#### **Background**

Phase 2 is the second of a multi-phase process related to the city's Economic Development Enhancement Strategy (Phase 1 – Initiate Thoughts on Vision/Preliminary Feasibility Evaluation, Phase 2 – Understand Vision/Technical Assessment, Phase 3 – Clarify Vision/RFQ Preparation, Phase 4 – Implement Vision/Developer(s) Selection and Negotiation.)

TABLE 1

**Completed**  
**1**

**Completed**  
**2**

**3**

**4**

Phase 1 was completed in February of 2006 (Executive Summary: City of Belmont Economic Development Enhancement –Target Sites Strategy, February 7, 2006). At the conclusion of Phase 1, five priority areas, as described below, were identified as best meeting the criteria for near-term development potential, and approved for further technical investigation in Phase 2. The five areas are as follows:

1. Firehouse Square (SW of Central Village area, bounded by El Camino Real, Fifth Avenue, and Broadway);
2. Village Center (includes the Emmett House – the block bounded by Ralston, Sixth Avenue, O'Neill and El Camino Real);
3. Belmont Station (NE of Central Village area - from the train station and fronting Masonic Way and Ralston);
4. Shoreway Place (NE of Hwy 101/Ralston Interchange); and
5. Island Park (SE of Hwy 101/Ralson Interchange).

On April 11, 2006, the Board approved professional contracts for the urban economic consultant firm of Keyser Marston Associates (KMA), Inc. and the architecture and planning firm of Field Paoli (FP) to undertake the Technical Assessment phase, or Phase 2, of the city's economic development process. The Phase 2 tasks completed by the two firms are briefly summarized as follows:

Tasks completed by Keyser Marston Associates (KMA), Inc. and Field Paoli (FP):

- Documented relevant site data for the specific parcel(s) affected;
- Worked with Agency staff to develop conceptual plan alternatives for each target site area;
- Identified the most appropriate ownership and development structure for implementation, including assessment of the potential need for City/Agency assistance;
- Prepared preliminary financial feasibility analysis for alternative concepts;
- On an order-of-magnitude basis, identified the amount of City/Agency resources which may be needed and public resources available;
- Met with the City Council Subcommittee on Economic Development (Feierbach and Mathewson);

- Prepared conceptual drawings and data to test development possibilities of each site;
- Met with city staff and other members of the Belmont Redevelopment Agency to review and refine the initial concepts;
- Conducted two field trips in the Bay Area to identify similar and relevant projects for examples of laudable urban design and architecture;
- In the final iteration, prepared plans and comparable images for presentation to the Agency Board.

The technical information and preliminary assessment relevant to each of the five priority areas (i.e., parcel ownership(s), estimated size, illustrative development concepts, critical development assets/constraints, most appropriate development structure and potential value to the City/RDA), and the key findings/conclusions from the assessment are summarized in the next section.

### **Discussion**

#### **Technical Assessment Summary – Overview**

##### **Overall Key Findings and Conclusions of the Technical Assessment:**

- Successful implementation could result in the following:
  1. Increased vitality and level of amenities in the priority areas;
  2. Improved visual appearance and enhanced overall image of the City;
  3. Tax benefit to the City's General Fund could be in the range of \$3 million per year.
- However, there are challenges that will have to be overcome to achieve the fiscal and physical potential, including the following:

*(All Sites)*

1. Owner, developer and Agency involvement will be crucial in the implementation and/or timing of all five priority sites.
2. Individual project financial feasibility will likely in part rely on tax increment generated by the total Redevelopment Plan Area as well as private financing.

*(Specific Sites)*

3. *Firehouse Square* – The concept of mixed residential use with ground floor retail and open space will upgrade the appearance and vitality of the area. However, issues which need to be addressed are:
  - a. Accommodation of the existing underground creek on the property;
  - b. Land assemblage along El Camino Real;
  - c. Possible need for underground parking.
4. *Village Center* – The proposed development concepts for this area offer an opportunity to increase the retail vitality of the Central Village (Village Center and Firehouse Square) and provide visual improvement, as well as modest increase in fiscal revenue to the City. However, challenges to overcome include:
  - a. Many of the development sites are small and require fine grained design solutions which are made difficult by the existing parking at Safeway and current parking requirements for new residential units, i.e., two parking spaces per unit. The City's General Plan and Zoning will need to be updated and may have to provide more flexibility in parking requirements in order to assist financial feasibility of development applications.
  - b. The high cost of sites for additional retail development require either the inclusion of residential plus retail or tax increment assistance or both; specifically it would be necessary to allow residential in the Village Center.
  - c. The recommended concept for mid block in the Village Center will require cooperation of the owners of the El Camino/Ralston retail.
5. *Belmont Station* – The proposed concept for this area would significantly upgrade the underutilized Masonic/ Ralston Corridor, which is a major entry point into the community. Modest increase in tax revenue to the City would also result. A major issue to overcome in implementing the recommendations for Belmont Station is the need for site assemblage.
6. *Shoreway Place* – The proposed concept for this site would also create significant potential new sales and TOT revenues; however, successful implementation depends on:
  - a. Successful relocation of the City's Corporation Yard;
  - b. Successful land assemblage.

7. *Island Park* – The development concepts proposed for this site would offer the great bulk of potential new sales and/or TOT revenues to the City. Island Park also has very significant land value potential. However, specific issues that will need resolution are:
  - a. Much, possibly all, of the lands owned by the City and used as Sports Fields have land use restrictions that were imposed by the State of California; therefore, negotiation with the State Lands Commission will be necessary, and State Lands might insist that at least some of the value of the land flow to the State;
  - b. Given the current use of the property as sports fields, it is recommended that Belmont's Open Space and Athletic Fields Task Force and Parks and Recreation Commission be activated to consider how potential revenue from the sale of the property might be used for a variety of upgrades and expansions to existing facilities west of Hwy 101 as a means of replacing the fields that would be lost to higher financial value use. ***Staff recommends the City pursue this option only if it is determined that equal/better recreational facilities can be provided elsewhere in the City without diminishing existing recreational opportunities for Belmont residents.***

The detail technical assessment for the individual target site areas is provided in a companion report which has been distributed to the Agency Directors under separate cover. A copy of the report is available in the Finance Director's office.

#### Understanding the Vision Conceptual Design Elements

To better understand the vision, KMA and Field Paoli, together with City/Agency staff, led the City Council Economic Development Subcommittee on a tour of comparable sites to build a collective reference for retail and mixed use developments proposed for target sites in Belmont. The tour included mixed use districts on the Peninsula and in the East Bay.

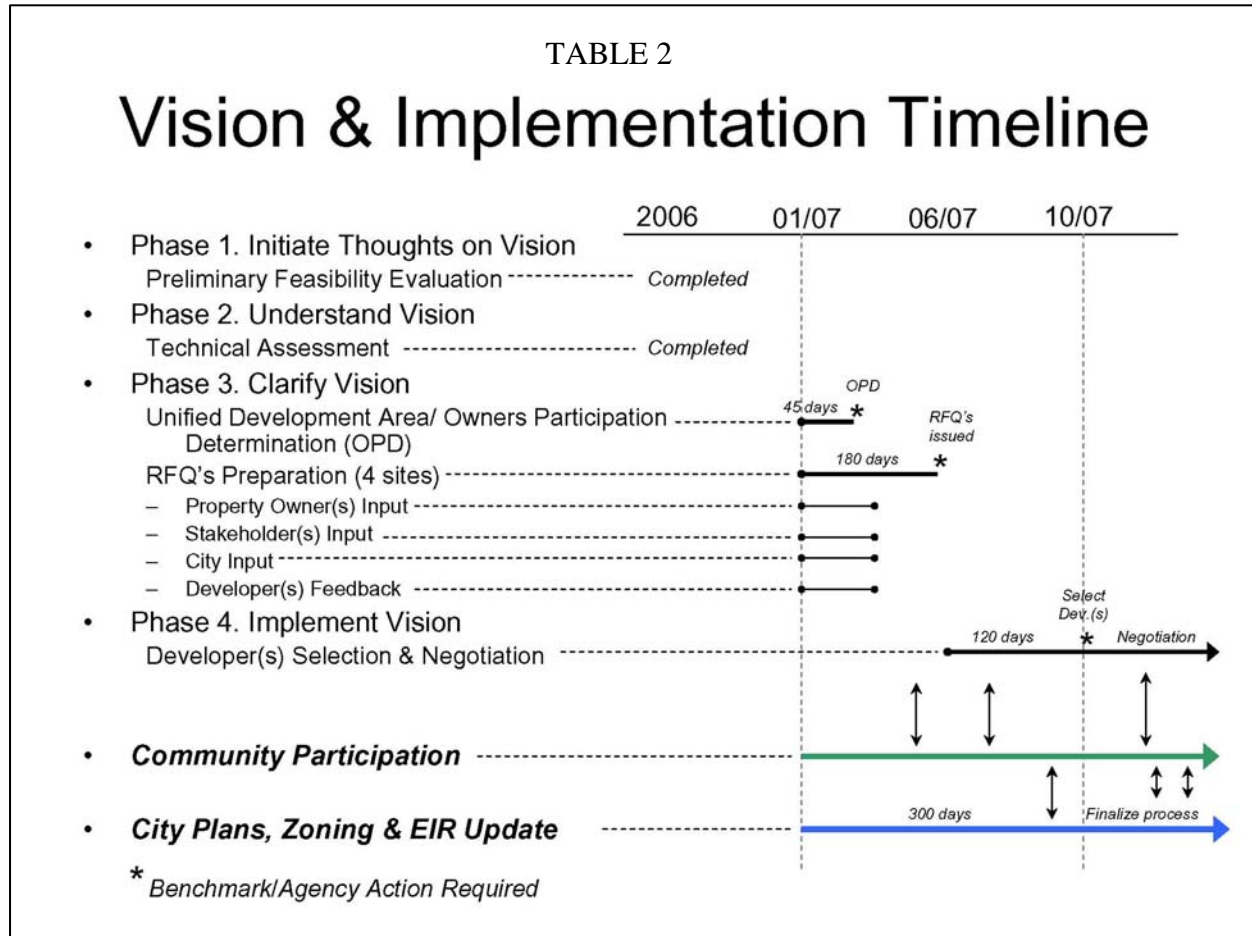
The consultants and Subcommittee visited new mixed use development at Bay Meadows, San Mateo; established retail and downtown development on Burlingame Avenue, Burlingame; mixed use development around University Avenue, Palo Alto; and multifamily housing by Castro Street, Mountain View. The tour continued in the East Bay with visits to Fourth Street, Solano Avenue, and North Shattuck Avenue in Berkeley; the Elmwood District and Rockridge Districts along College Avenue spanning Berkeley to Oakland; and Piedmont Avenue in Oakland. The objective of the tour was to understand and clarify the vision for the target sites in Belmont through comparable examples of mixed use development.

The Subcommittee went through a process of selecting images taken on the tour that illustrate elements of successful development – examples such as a desirable mix of uses, public spaces, height and scale of the buildings, architectural details, doorways and window treatments, signage and lighting, streetscape and parking, and public art. These images are then assembled into a

slide show presentation for review.

### Timeline

Following is our target project timeline.



### Subcommittee Observations

The Economic Development Subcommittee has been briefed on this report and recommends proceeding to Phase 3 – RFQ Preparation of the targeted site strategy. The Subcommittee is available to provide insight as to their observations of the findings in this report.

### General Plan/Vision Statement

As indicated throughout this report, coordination is required to update the General Plan concurrent with the preparation of the RFQ. The purpose of this effort is to clarify the vision of the economic development targeted site strategy that ultimately facilitates developer negotiations and project implementation. As a companion to this report, a separate report outlining the coordination of the General Plan update will be presented. Similar to the targeted site strategy effort, the General Plan update effort will likely take multiple tracks based on how specific sites

are pursued. In at least one case, i.e. Island Park, there is interest on the part of property owners to undertake a comprehensive master plan effort to evaluate potential alternatives for revitalization.

### **Fiscal Impact**

Based on the recommended concepts and the projects implemented, the amount of sales tax that could potentially be available to the City each year ranges up to about \$2.2 million. Estimated annual T.O.T. revenues could also provide as much as another \$2.6 million to the City assuming large, full service hotel is sited. Thus, the total incremental fiscal benefit to the City from the implementation of the envisioned concepts could be up to about \$5.0 million per year, depending on site utilization. Attachment A further details the potential economic benefits of the strategy.

### **Public Contact**

Successful implementation of Phase 3 –RFQ Preparation of the Targeted Site Strategy will require public outreach and the coordinated involvement of the City Council, Commissions, various Task Forces and staff. All commissioners received notification of the meeting. Additionally, members of the Economic Development Task Force and Open Space and Athletics Fields Task Force also received notification. Additionally, local newspapers were alerted to the matter. Lastly, there was posting of City Council agenda.

### **Recommendation**

Given our findings and conclusions, Keyser Marston and Field Paoli recommend that the project proceed to Phase 3 (Clarify Vision and Prepare RFQ's), which includes the following:

1. For each of the other geographic areas discussed herein, given the complexities associated with each, staff recommends that developers be sought using the RFQ process. Staff believes there are too many uncertainties to issue RFP's, which require specificity in development program and land price. Where there may be reluctance on the part of many developers to involve themselves when a number of key issues need resolution, staff thinks the Agency would be best served to have developers working side by side with the Agency to resolve the issues. Therefore, staff recommends early issuance of RFQ's to owner participants and developers, with the goal of entering into Exclusive Negotiation Agreements for each area, i.e.:
  - a. Central Village (Firehouse Square and Village Center);
  - b. Belmont Station;
  - c. Shoreway Place.

The Agency should reserve in the RFQ's the right to select individual developers for each geographic area or possibly one developer for all areas. Additionally, the Agency should make clear that Owner Participation will be given fair consideration if owner participants



wish to respond to Agency-issued Request for Qualifications (RFQ's) to developers.

2. Three simultaneous actions should occur with respect to the Island Park site:
  - a. Prepare a recreational assessment to determine if the possibility exists for the replacement of the same/equal sports facilities elsewhere in the City without diminishing existing recreational opportunities for Belmont residents.
  - b. Reconvene the City's Open Space and Athletic Fields Task Force and Parks and Recreation Commission to produce a recommendation in a defined period of time for how potential proceeds from the sale of the property could be used to "replace" the existing fields with a program of upgrades and expansions to other existing facilities within the City;
  - c. Initiate discussions/negotiations with State Lands to achieve the right to use the lands for non recreational use and capture significant value therefrom; and
  - d. Engage adjacent land owners holding vacant and/or underutilized land in identifying opportunities for a comprehensive development proposal for the area.
3. Therefore, the recommendation is for the Agency to direct staff to undertake the following:
  - a. Bring to the Agency Board for consideration a resolution designating the areas in question as unified development areas under the Agency's "Amended and Restated Rules for Business Tenant Preference and Owner Participation in the Los Costanos Community Developer Project Area" (the "OP Rules") and to give notice to property owners of the Agency consideration of the unified development area in accordance with the OP Rules; If the Agency does designate one of more of these areas as a unified development area, then
  - b. Issue requests for qualifications for the development of those designated areas (Firehouse Square, Village Center, Belmont Station and Shoreway Place). The request would be sent to all property owners in the designated areas and, if the Agency so directs, to other interested developers;
  - c. Initiate actions on a separate track for Island Park, as above.
4. In a parallel process, the City should initiate efforts to: 1) define a community participation process to involve stakeholders, and 2) update and/or amend the City's General Plan, associate Downtown Plan, Zoning Ordinance, E.I.R., and other City documents to align City policies with implementation for the five priority sites.

### **Alternatives**

While the Council is asked by the Consultants to support their recommendations for each of the priority sites, there are alternatives that can still be considered, as follows:

1. *Firehouse Square* – An alternative would be to simply proceed with the market rate residential on the Fifth Avenue frontage, and the recommended parking improvements to Broadway and the El Camino.
2. *Village Center* – The concept could be reduced in scope and/or developed in phases, i.e., with the initial phase of just removing the Emmett House and redeveloping the site for retail/commercial use, with the later phase of the larger mixed-use project as recommended. Also, the gas station/city parcel on Sixth Avenue could be developed independent of the timing of the Emmett House and adjacent parcels. Additionally, the project can be expanded with the following:
  - a. Addition of buildings on the Safeway lot;
  - b. Undergrounding the parking;
  - c. Addition of a public plaza;
  - d. Closure of Emmett Street.
3. *Belmont Station* – Although the existing Wendy's parcel and the small commercial center next to it are not currently included in the development concept at this time, it is strongly encouraged that the selected developer for the restaurant/dry cleaner parcel be instructed to explore the possibility of including those properties in a broader development scheme for the corner of Old Country Road and Ralston, given its prime location and high visibility.
4. *Shoreway Place* – Residential Development is also possible but less desirable given the City's goal of expanding revenue base and the existing commercial character of the area.
5. *Island Park* – Other uses could include mid- to high-range hotel and/or large-format retail. The vision assumes that the developer of the city-owned parcels would work with the neighboring private property owners, such as Oracle, to jointly develop a master plan for a larger area east of the freeway to the area could be developed comprehensively.

### **Attachments**

- A. Estimated Incremental Sales and TOT Revenues to the City
- B. Resolution Authorizing a Professional Services Agreement with Keyser Marston Associates to Perform Urban Economic Consulting Services.
- C. Resolution authorizing a Professional Services Agreement with Field Paoli to Perform Architecture and Planning Consulting Services.

Respectfully submitted,

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Thomas Fil  
Finance Director

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Jack R. Crist  
Executive Director

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[tfil@belmont.gov](mailto:tfil@belmont.gov)

Estimated Incremental Sales and TOT Revenues to City  
Economic Development Enhancement - Target Site Strategy (Phase 2)  
City of Belmont, CA

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**RECOMMENDED CONCEPTS**

**TOTAL (Per Year)**

**Estimated Incremental Sales Tax**

Total Retail SF		165,500	
Est. Retail Sales/SF Retail Space		\$325/SF	
Estimated Retail Sales		\$54,300,000	
Estimated Taxable Sale in Hotels		\$8,300,000	
Estimated Taxable Auto Sales		\$160,000,000	
Estimated Total Sales		\$222,600,000	
Estimated Sales Tax	@ 1%		\$2,200,000
<Less> Existing Sales Tax			\$0
<b>Net Incremental Sales Tax (Annual)</b>			<b>\$2,200,000</b>

**Estimated Incremental T.O.T.**

Estimated Room Sales		\$25,600,000	
Estimated T.O.T.	@ 10%		\$2,600,000
<Less> Existing T.O.T			\$0
<b>Net Incremental T.O.T (Annual)</b>			<b>\$2,600,000</b>

**TOTAL ANNUAL INCREMENTAL SALES  
& TOT REVENUES TO CITY (/Yr.)**

**\$4,800,000**  
*Or Say, \$5,000,000*

**REDEVELOPMENT AGENCY RESOLUTION NO.**

**RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH KEYSER  
MARSTON ASSOCIATES, INC. TO PERFORM URBAN ECONOMIC  
DEVELOPMENT CONSULTING SERVICES IN AN AMOUNT NOT TO EXCEED  
\$50,000 (TARGETED SITE STRATEGY – PHASE 3 RFQ PREPARATION)**

**WHEREAS**, the Belmont Redevelopment Agency desires to implement an Economic Development Strategy requiring preparation of a Request for Qualifications (RFQ) of targeted sites; and,

**WHEREAS**, Keyser Marsten Associates, Inc (KMA) posses required skills and expertise in this area that would be of benefit to the Agency; and

**WHEREAS**, KMA has performed urban economic development consulting services in conjunction with the targeted site strategy with the Agency and submitted a proposal to perform the required work as shown as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Redevelopment Agency of the City of Belmont authorizes the Executive Director to execute a professional service agreement with KMA in an amount not to exceed \$50,000 (fifty thousand dollars) for RFQ preparation on targeted sites.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont at a special meeting thereof held on January 25, 2007 by the following vote:

AYES, DIRECTORS: \_\_\_\_\_

NOES, DIRECTORS: \_\_\_\_\_

ABSTAIN, DIRECTORS: \_\_\_\_\_

ABSENT, DIRECTORS: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Redevelopment Agency

APPROVED:

\_\_\_\_\_  
Chair, Redevelopment Agency

**RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH FIELD PAOLI  
TO PERFORM ASSOCIATED ARCHITECTURAL AND PLANNING SERVICES IN AN  
AMOUNT NOT TO EXCEED \$25,000 (TARGETED SITE STRATEGY – PHASE 3 RFQ  
PREPARATION)**

**WHEREAS,** the Belmont Redevelopment Agency desires to implement an Economic Development Strategy requiring preparation of a Request for Qualifications (RFQ) of targeted sites;

**WHEREAS,** Field Paoli (FP) posses required skills and expertise in this area that would be of benefit to the Agency; and

**WHEREAS,** FP has performed associated architectural and planning services in conjunction with the targeted site strategy with the Agency and submitted a proposal to perform the required work as shown as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Redevelopment Agency of the City of Belmont authorizes the Executive Director to execute a professional service agreement with FP in an amount not to exceed \$25,000 (twenty-five thousand dollars) for RFQ preparation on targeted sites.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont at a special meeting thereof held on January 25, 2007 by the following vote:

AYES, DIRECTORS: \_\_\_\_\_

NOES, DIRECTORS: \_\_\_\_\_

ABSTAIN, DIRECTORS: \_\_\_\_\_

ABSENT, DIRECTORS: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Redevelopment Agency

APPROVED:

\_\_\_\_\_  
Chair, Redevelopment Agency